

UPDATED INFORMATIVE DIGEST

PUBLIC HEARING: A public hearing was held on August 11, 2003. At that time, one individual offered testimony. The enclosed public hearing **transcript** (located at **tab 7**) of the rulemaking file reflects the official record of the hearing.

PUBLIC COMMENTS AND DEPARTMENT OF MENTAL HEALTH'S RESPONSES:

In addition to the one public hearing commenter, additional public comments were received during the public comment period ending August 11, 2003. These comments are enclosed (located at **tab 8**) in the rulemaking file. The summary of these **comments** and the Department of Mental Health's (DMH) **responses** to these comments is enclosed in **Attachment A** of the Final Statement of Reasons.

SUPPORTING MATERIAL ADDED TO THE RULEMAKING FILE: As a result of public comments, the Department of Mental Health added materials to the rulemaking file (located in **tab 9**). Pursuant to the requirements of Government Code Section 11346.8(d), DMH provided notice of this action (also located in **tab 9**). DMH received no public comments, regarding the addition of material to the rulemaking file, between September 10, 2003 and September 24, 2003.

DETERMINATIONS: DMH has determined that this regulation would not impose a mandate on local agencies or school districts, nor are there any costs which reimbursement is required by Part 7 (commencing with section 17500) of Division 4 of the Government Code.

DMH has determined that this regulation would not impose other non-discretionary cost or savings on local agencies.

DMH has determined that this regulation would not have a significant effect on housing costs.

DMH has determined that this regulation would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

DMH has determined that this regulation would not significantly affect the following:

1. The creation or elimination of jobs within the State of California.
2. The creation of new businesses or the elimination of existing businesses within the State of California.
3. The expansion of businesses currently doing business within the State of California.

DMH has determined that these regulations will not directly affect small businesses. These regulations only have a direct affect on counties, which are the entities who serve as Medi-Cal Mental Health Plans. These regulations may indirectly change how specialty mental health care providers will do business with the Medi-Cal program, depending on decisions of the providers and the entities contracting with the Department of Mental Health under the authority of these regulations.

AVAILABILITY OF FINAL STATEMENT OF REASONS AND REGULATION TEXT:

DMH has prepared and has available for public review a final statement of reasons for this regulation, all the information upon which this regulation is based, and the text of this regulation. These documents are posted on the DMH web site. A copy of the final statement of reasons and the text of this regulation is available upon request to the Office of Regulations at the address noted above. This address will be the location of public records, including reports, documentation, and other material related to this regulation.

CONSIDERATION OF ALTERNATIVES: In accordance with Government Code Section 11346.5(a)(13), DMH determined that no reasonable alternative considered by DMH or that has otherwise been identified or brought to its attention would be more effective in carrying out the purpose for which the action was taken or would be as effective and less burdensome to affected private persons than this action.

DMH considered the alternative of assuming the responsibility for payment authorization of specific services covered by the MHPs. DMH determined that this would not be feasible in light of the new requirement of Welfare and Institutions Code, Section 5767, that DMH work with a statewide organization representing county mental health services (DMH worked with the California Mental Health Directors Association) to build on existing systems to apply managed care principles to the Medi-Cal EPSDT benefit covered by the MHPs to ensure management of the program while ensuring access to Medi-Cal beneficiaries. DMH was required by the statute to take some action that built on current MHP systems. Establishing an authorization function at DMH would have undermined existing MHP systems and required the development and staffing of a new function at DMH. There would have been no benefit to providers or beneficiaries under this alternative. Administrative costs would have shifted from MHPs and the federal government to DMH and the federal government.

DMH did not find any alternatives to the MHP claims certification and program integrity requirements. Federal regulations require that the MHPs must be the entities that certify claims to the State and that ensure that proper systems are in place to prevent fraud and abuse. DMH responsibilities in these areas cannot relieve the MHPs of their responsibilities.